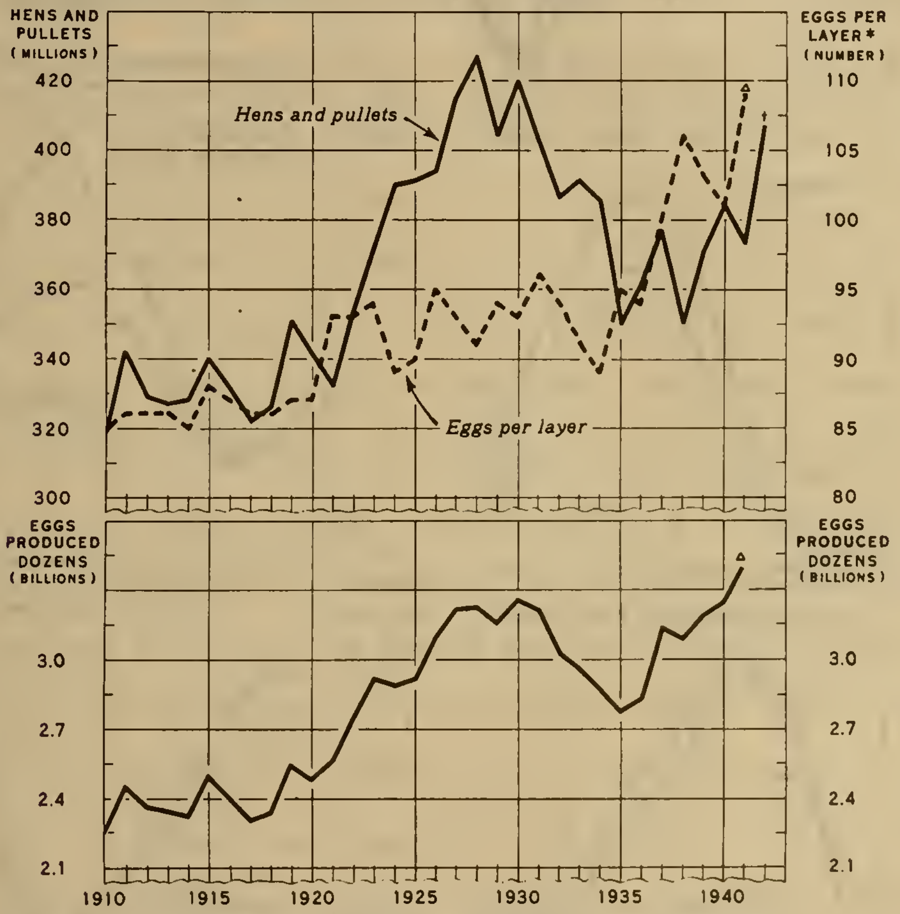
A 52.12.61

THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

PES-61 BAE JANUARY 1942

HENS AND PULLETS ON FARMS JANUARY 1, EGGS PER LAYER, AND TOTAL EGG PRODUCTION ON FARMS, UNITED STATES, 1910-41

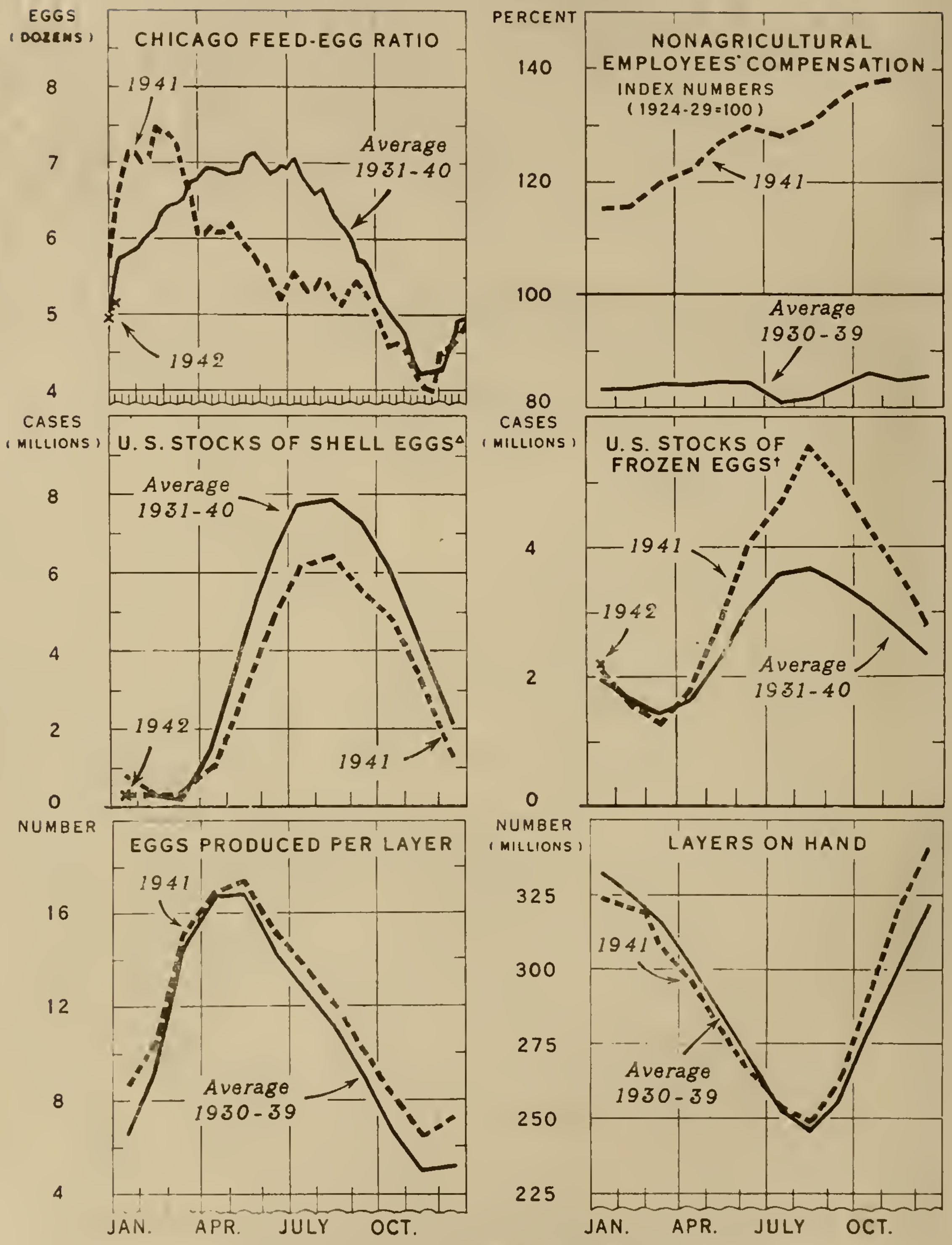


DATA FROM A.M.S. △ PRELIMINARY † ESTIMATE
* AVERAGE NUMBER OF EGGS PRODUCED ANNUALLY PER HEN AND PULLET ON FARMS JAN. 1

U. S. DEPARTMENT OF AGRICULTURE NEG. 33521 BUREAU OF AGRICULTURAL ECONOMICS

THE NUMBER OF POTENTIAL LAYERS NOW ON FARMS IS MORE THAN 8 PERCENT LARGER THAN A YEAR AGO, AND THE EXCESS OVER A YEAR EARLIER IS EXPECTED TO INCREASE DURING COMING MONTHS. WITH FLOCKS COMPOSED OF A LARGER PROPORTION OF PULLETS, A HIGH AVERAGE RATE OF LAY PROBABLY WILL CONTINUE. IT IS EVIDENT, THEREFORE, THAT THE REVISED PRODUCTION GOAL FOR 1942 (13 PERCENT OVER 1941 PRODUCTION) IS IN LINE WITH PROBABLE OUTPUT.

THE EGG SITUATION



A. M. S. DATA, EXCEPT NONAGRICULTURAL EMPLOYEES' COMPENSATION

▲ IST. OF THE MONTH. EXCLUDES U. S. D. A. HOLDINGS, BEGINNING APRIL 1, 1940

† IST OF THE MONTH. EXCLUDES U. S. D. A. HOLDINGS, BEGINNING JULY 1, 1941

U. S. DEPARTMENT OF AGRICULTURE   NEG. 39765   BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1

THE POULTRY AND EGG SITUATION

Summary

Production of poultry products responded rapidly to favorable prices in 1941, and further material increases are expected this year. The demand for poultry and eggs will average greater than in 1941,however, and probably will more than offset the effects on prices of the increased supplies.

The 1942 goal for egg production has been revised upward to a level about 13 percent larger than the 1941 output. The expanded goal, however, is within the range of probable output. The number of potential layers in flocks of crop reporters on January 1 was more than 8 percent larger than on January 1, 1941 and the margin over a year earlier is expected to increase in coming months. Laying flocks are composed of a slightly larger proportion of pullets this year than last, thus helping to assure a continued high rate of production per layer. Prices received by farmers for eggs this year are expected to average higher than in 1941, and the feed-egg ratio probably will be a little more favorable than average despite the probable higher feed prices.

Egg production in December was 15 percent larger than in December 1940, and the rate of lay per hen on January 1 was 9 percent larger than on January 1 last year. Production of eggs and the volume marketed were retarded by the cold weather in early January with the result that wholesale prices of eggs remained steady from mid-December to mid-January. Usually prices decline several cents during that period. In the third week of January the wholesale price of fresh firsts at Chicago was 33 cents per dozen, 90 percent higher than a year earlier.

The number of chickens raised on farms is expected to increase further this year, as indicated in earlier outlook statements, and the output of

commercial broilers probably will continue at record levels during much of the year. Although total slaughter supplies and per capita consumption of chickens this year probably will be the largest on record, prices received by farmers for chickens may average higher than in 1941.

Marketings of chickens in the Midwest also were retarded by the unfavorable weather and as a result wholesale prices of live chickens at Chicago increased during the first half of January. Storage holdings of dressed fowl and chickens on January 1 were the largest on record but wholesale prices of dressed stock advanced further during the first part of January. Although wholesale prices of turkeys declined following the Christmas marketing period, they are continuing considerably higher than a year earlier. Turkey production in the United States this year is expected to reach a new high.

-- January 22, 1942

EGG SITUATION

REVIEW OF RECENT DEVELOPMENTS

The average number of layers on farms during December was about 7 percent larger than in December 1940. The average rate of lay in December was the highest on record for the seventh consecutive month, being 8 percent higher than in December 1940. Total egg output was about 15 percent in excess of the output in December 1940. On January 1 the average number of eggs laid per hen was 9 percent larger than a year earlier, and with the number of layers in flocks of crop reporters averaging about 8 percent larger, total egg output on the first day of this year is estimated at about 18 percent over that of a year earlier.

The rate of lay per hen was retarded by the general cold weather in early January but increased again as the cold subsided. Prior to December 1941, receipts of eggs at principal markets were smaller than a year earlier despite very heavy receipts at primary markets in the Midwest. In 1941 large supplies in the producing area were used in drying plants or for shipment to military camps while only small quantities were so used in 1940. As production began increasing seasonally in December the margin of receipts at midwest markets over a year earlier became even more pronounced and receipts at the four principal markets for December were larger than in December 1940. Receipts of eggs at the four principal markets in 1941 totaled 13,479,000 cases compared with 14,224,000 cases in 1940.

Number of layers on farms, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
Average: 1930-39	332	325	315	301	284	267	253	246	256	278	300	322
1938	307	301	292	278	262	248	236	234	245	269	293	314
1939	322	316	306	292	276	260	246	242	253	279	305	326
1940	332	327	318	304	289	270	252	247	257	279	303	320
1941	324	318	308	295	280	266	254	249	263	291	318	341

Average number of eggs produced per layer, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Average: 1930-39	6.6	8.9	14.3	16.7	16.8	14.2	12.7	11.2	8.9	6.8	5.0	5.2
1938	7.9	9.9	15.4	17.5	17.3	14.9	13.6	11.8	9.4	7.5	5.9	6.4
1939	8.0	9.7	14.9	17.0	17.0	14.6	13.2	11.7	9.3	7.4	6.0	6.8
1940	7.2	9.0	14.4	16.5	17.0	14.8	13.4	11.8	9.7	7.9	6.2	6.8
1941	8.7	10.3	15.0	16.9	17.4	15.1	13.8	12.2	10.0	8.2	6.5	7.3

Total farm production of eggs, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases	Mil. cases
Average: 1930-39	6.0	8.0	12.5	13.9	13.2	10.5	8.9	7.6	6.4	5.2	4.1	4.7
1938	6.7	8.3	12.5	13.5	12.6	10.3	8.9	7.6	6.4	5.6	4.8	5.5
1939	7.2	8.5	12.6	13.8	13.0	10.6	9.1	7.8	6.5	5.7	5.1	6.1
1940	6.7	8.2	12.7	14.0	13.7	11.1	9.4	8.1	7.0	6.1	5.2	6.0
1941	7.9	9.1	12.8	13.9	13.5	11.1	9.7	8.5	7.4	6.6	5.7	6.9

Agricultural Marketing Service data.

Purchases of Eggs by the Department of Agriculture in 1941 Totaled About 8 Million Cases

The quantities of shell, dried, and frozen eggs purchased by the Department of Agriculture in 1941 were equivalent to about 8 million cases. The quantities of the three forms are given in the accompanying table. A part of the dried eggs contracted for up to January 1 was for delivery in 1942.

Purchases of eggs by the Department of Agriculture

Date	Shell		Frozen	Dried
	Direct purchases	Blue Stamp purchases		
1941	Cases	Cases	1,000 pounds	1,000 pounds
Month:				
Jan.	4,003	120,000	0	0
Feb.	173,003	133,000	0	0
Mar.	72,191	157,000	0	0
Apr.	386,925	173,000	0	0
May	398,711	170,000	15,527	840
June	38,401	184,000	6,240	735
July	316,535	161,000	42,218	4,750
Aug.	96,736	200,000	2,205	6,525
Sept.	88,150	183,000	0	5,546
Oct.	92,395	186,000	0	12,687
Nov.	15,700	112,000	0	4,247
Dec.	72,091	---	0	9,284
Total	1,754,841	---	66,190	44,614
1942				
Week ended:				
Jan. 3 1/	20,994	---	0	301
10	46,743	---	0	1,324
17	42,668	---	0	2,431

Surplus Marketing Administration data.
1/ Jan. 1 to Jan. 3.

As a result of the heavy Government demands for dried eggs during 1941, egg-drying facilities were expanded several-fold. At the beginning of 1942 total egg-drying capacity in the United States was somewhat over 200 million pounds, based on 300-day operation at 20-22 hours per day. The existing capacity is adequate to supply all requirements now in prospect.

Privately Owned Storage Stocks of Shell Eggs on January 1, 4 Percent Smaller Than a Year Earlier

Because of the large quantities of fresh eggs and storage eggs (mostly shell) used for drying during the latter part of 1941, storage stocks declined about seasonally despite the much larger current farm production of eggs. On January 1 stocks of privately owned shell eggs in the United States were about 4 percent smaller than a year earlier. Holdings by the Department of Agriculture were down about 17 percent, leaving total stocks of shell eggs about 10 percent smaller than on January 1, 1941. Privately owned stocks of frozen eggs on January 1 were about 12 percent larger than on January 1, 1941. The Department of Agriculture owned the equivalent of about 360,000 cases of frozen eggs on January 1 whereas a year earlier no eggs were so held. Total stocks of frozen eggs, therefore, were about 22 percent larger than on January 1, 1941. In addition to the storage stocks of shell and frozen eggs on January 1 there were considerable quantities of dried eggs. Including dried eggs the Department of Agriculture on January 1 owned the equivalent of about 1-2/3 million cases of eggs. Private stocks consisted of about 2-1/2 million cases of shell and frozen eggs and an undetermined quantity of dried eggs.

Eggs: Storage stocks in the United States and storage movement at 35 markets

Year	United States stocks 1/		Out-of-storage movement, week ending as of 1942						
			Dec.	January					Feb.
	Jan. 1	Dec. 1	26	3	10	17	24	31	7
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell									
Average 1931-40	819	2,128	213	2/ 160	132	93	70	53	38
1940	532	1,424	196	88	103	86	100	46	14
1941	313	1,278	124	139	102	49	58	72	20
1942	3/ 300			118	67	74			
Frozen 4/									
Average 1931-40	1,893	2,193	---	---	---	---	---	---	---
1940	1,927	2,434	72	48	60	54	71	71	67
1941	1,955	2,757	76	60	87	85	77	84	67
1942	3/2,188			89	107	89			

Agricultural Marketing Service data.

1/ Excludes United States Department of Agriculture holdings as follows: Shell eggs on December 1, 1940, 545,000 cases; on January 1, 1941, 301,000 cases; on December 1, 1941, 392,000 cases; and on January 1, 1942, 251,000 cases. Frozen eggs on December 1, 1941, 698,000 cases, and on January 1, 1942, 361,000 cases.

2/ Average 1932-40.

3/ Preliminary.

4/ Converted on the basis of 37.5 pounds to the case.

Liquid Egg Yield from Shell Eggs has been Increased

As a result of the expansion of the liquid egg industry during the past several years the average size of eggs used has increased. To allow for this development the Department has adopted a new set of conversion factors for determining the shell-egg equivalent of frozen eggs in storage. Since the increase in size and improvement in quality of eggs used have been gradual developments varying conversion factors have been established for the years 1916 to date. The conversion factors for the indicated years follow:

Years	Conversion factor Pounds per case
1916-20	35.0
1921-25	35.5
1926-30	36.0
1931-33	36.5
1934-36	37.0
1937 onward	37.5

The conversion factor formerly used for all years was 35 pounds per case.

Egg Prices Declining Less than Seasonally

Wholesale prices for eggs were fairly steady from mid-December to mid-January. Usually prices decline several cents during this period. The stable prices this year are mostly the result of the reduction in supplies following the cold weather. The price of fresh firsts at Chicago in the third week of January was 33 cents, 90 percent higher than a year earlier. During the last half of December the Department of Agriculture purchased a little over 5,000 cases of eggs on the New York and Chicago Mercantile Exchanges for price-supporting purposes. The decline in supplies in early January made further purchases for price-support unnecessary during the first half of the month.

Price per dozen received by farmers for eggs, United States

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average: 1930-39	22.8	18.8	16.1	16.0	15.9	15.7	17.0	18.7	21.9	24.7	28.2	26.3
1938	21.6	16.4	16.2	15.0	17.6	18.2	19.9	21.0	24.9	27.1	29.0	27.9
1939	18.8	16.7	16.0	15.5	15.2	14.9	16.5	17.5	20.6	22.9	25.8	20.5
1940	18.3	20.2	15.4	15.0	15.1	14.4	16.4	17.2	21.0	23.7	26.2	26.8
1941	19.7	16.8	16.4	19.7	20.1	23.2	25.6	26.8	30.3	31.8	35.5	34.1

Agricultural Marketing Service data.

OUTLOOK - EGGS

> BACKGROUND.- Prior to 1929 the number of hens and pullets in flocks of crop reporters reached the annual peak on February 1. However, as the commercial hatchery industry expanded, farmers purchased an increasing proportion of their chicks rather than home-hatching them, and baby chicks were started earlier in the season. This development together with reduction in time required for pullets to mature resulted in a stepping up of the

beginning of the laying season. Pullets came into production earlier in the fall and laying flocks on the average in the United States were largest on January 1 instead of on February 1. Consequently laying flocks have reached the annual peak on January 1 in every year since 1928 with the exception of 1938. Because of the drought of 1936 feed prices were high during the main part of the 1937 hatching season and some delay resulted both in starting the chicks and in maturing the pullets. This probably accounts for the larger number of layers on February 1, 1938 than on January 1 of that year. The late hatch in 1941 was the largest on record for the period.

Production Goals Have Been Revised

Since the production goals for several commodities were established last September the prospective demands for many farm products have increased. To meet these additional demands the Department of Agriculture on January 16 announced the revision of 1942 production goals for many commodities. For eggs the goal was increased from about 4 billion dozens as established last September to 4,200 million dozens. These figures include an allowance for nonfarm production which is estimated at about 10 percent of the farm output. In terms of farm production the revised goal calls for 3,822 million dozens compared with the September goal of 3,700 million dozens and the 1941 production of 3,393 million dozens. The revised 1942 production goal therefore is 12.6 percent larger than the 1941 output. It exceeds the 1940 output by 18 percent and the 1936-40 average production by 23 percent. If the goal is reached the prospective lend-lease requirements of somewhat over 600 million dozens (shell-egg equivalent, compared with 500 million formerly anticipated) can be fully met while maintaining domestic per capita supplies at the average for recent years.

Number of Potential Layers Now Considerably Larger Than a Year Ago

On January 1 the number of potential layers in crop reporters' flocks (of less than 400 birds) was 8.1 percent larger than on January 1, 1941. The average number of layers on farms in the United States in December, including flocks of more than 400 birds, was 7 percent larger than a year earlier. During the last few months of 1941 the number of birds in flocks of more than 400 layers increased greater than usual relative to the flocks of smaller size.

The increase in layers over a year earlier is expected to increase further during coming months. The most important basis for this expectation is the favorable feed-egg price relationship in prospect. Although the feed-egg ratio may not be as favorable in 1942 as it was last year, it is expected to be more favorable than average. As a result farmers will keep as many hens for egg production as possible. During the first 3 months of 1941 the feed-egg ratio was considerably less favorable than average, so the incentive to keep all available hens was not as great as it probably will be this year. A second factor is that this year's laying flocks are composed of a slightly larger proportion of pullets than those in early 1941. On January 1 the average number of hens per flock, 31.1 head, was 3 percent larger than a year earlier while the number of all pullets was 10 percent larger than the 65.7 head average on January 1, 1941. Of the potential layers in farm flocks (including pullets not of laying age) on January 1, 70 percent were pullets compared with 69 percent in early 1941. Because of the favorable egg prices in prospect, all available pullets probably will be utilized for laying purposes.

High Rate of Lay Likely to Continue

The rate of lay per hen in 1941 was the largest on record and continued at record levels until the cold weather in early January. The favorable feed-egg ratio in prospect and the larger proportion of pullets in laying flocks will help to maintain a continued high rate of output per bird. The newly announced program of the Department of Agriculture to release wheat at prices comparable to corn prices will improve the poultry feed situation in some areas. All factors considered, therefore, it appears likely that the revised production goal for eggs is within the range of probable output. With unusually favorable weather and ample feed supplies throughout 1942 it may even be exceeded. In the Nation-wide farm canvass recently completed, farmers indicated that they intended to produce even more eggs than are called for in the revised production goal.

Period of Price Support Extended

As part of the announcement revising the production goals the Secretary proclaimed that prices for eggs and chickens (excluding broilers) and some other commodities would be supported at not less than 85 percent of parity through June 30, 1943 rather than just to December 31, 1942 as announced in September 1941. As applied to eggs, the Department will make purchases if necessary in the open market, within the limit of available funds, to keep the United States average price received by farmers for eggs at not less than 85 percent of parity.

With the stronger average consumer demand in prospect for this year than in 1941, and the lend-lease purchases expected to be made, it is likely that egg prices this year will average higher than in 1941. Considerable price declines probably will occur during the weeks immediately ahead, however, as market supplies increase seasonally.

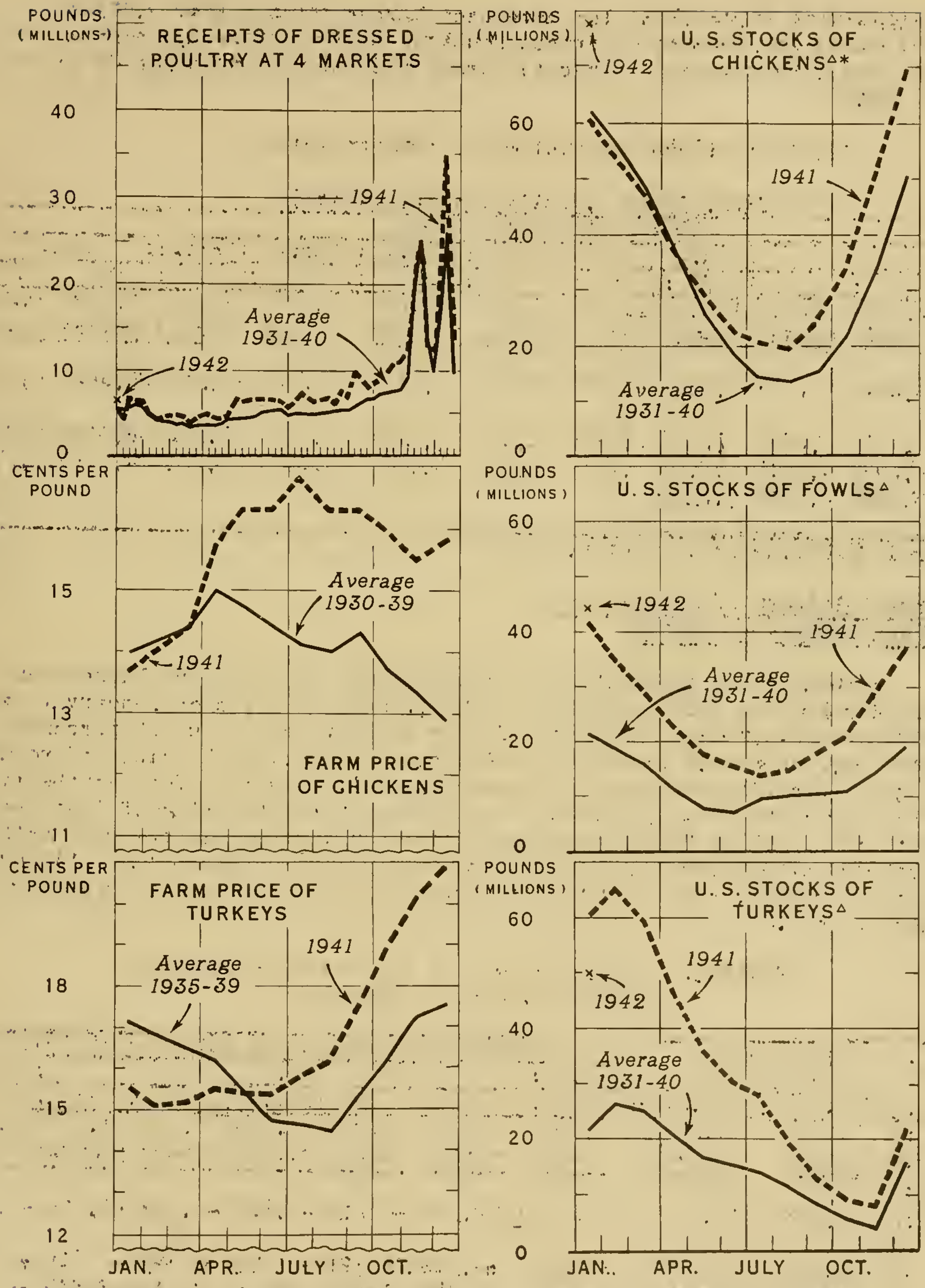
THE POULTRY SITUATION

REVIEW OF RECENT DEVELOPMENTS

Farm Marketings Continuing Larger Than a Year Earlier

Receipts of young chickens at midwest primary markets during the week ended January 10 were 23 percent larger than a year earlier. Larger marketings after the first of the year were to be expected in view of the heavy late-season hatch in 1941 and the fact that the number of young chickens on farms on January 1 was 12 percent larger than on January 1, 1941. Marketings in early January were retarded considerably by the general cold weather in the Midwest. Receipts of dressed poultry at the four principal markets since the

THE POULTRY SITUATION



A. M. S. DATA △ *FIRST OF THE MONTH* * *INCLUDES BROILERS, FRYERS, AND ROASTERS*

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FIGURE 2

Christmas peak in receipts also have been larger than a year earlier. These data include the movement of frozen poultry and therefore may continue very heavy, mostly because of the record large cold storage holdings of poultry this year.

Receipts of dressed poultry at four markets

(New York, Chicago, Philadelphia, Boston)

Year	Week ending as of 1942 Jan. 3	 10	 17	 24	 31	 Feb. 7	 Mar. 28	 Nov. 28	 Dec. 19	 26
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average:										
1931-40	5,414	5,143	5,649	6,204	5,736	4,644	3,644	13,821	26,464	9,714
1940	5,973	6,037	7,678	8,628	6,111	5,634	4,395	16,500	36,909	10,766
1941	5,538	4,291	6,814	6,461	6,377	4,934	4,620	12,881	34,845	13,738
1942	6,432	4,626	5,550							

Agricultural Marketing Service data.

Storage Holdings of Chickens and Fowl Largest on Record

Although the consumption of chicken meat was about the largest on record during the last few months of 1941, storage stocks on January 1 exceeded previous record holdings. Stocks of broilers were up 26 percent over a year ago, stocks of fryers were 27 percent larger, and holdings of roasters were 30 percent larger than on January 1, 1941. Stocks of fowl on the first of the year were about 7 percent larger than at the beginning of last year, despite the smaller farm marketings of fowl during the past several months. The storage demand for all poultry has been stronger than in the fall and winter of 1940-41, and the price of young chickens has been low relative to prices of fowl.

Poultry: Storage stocks in the United States and storage movement at 35 markets

Year	United States stocks Jan. 1	 Dec. 1	Storage movement, week ending as of 1942 Dec. 26	 Jan. 3	 10	 17	 24	 31	 Feb. 7
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average									
1931-40	131,429	112,695	+3,790	1/+2,356	- 818	-1,424	-1,206	-1,366	-2,143
1940	167,643	159,110	+8,926	+3,618	- 321	- 210	+ 344	- 616	+2,883
1941	208,365	172,913	+6,657	+5,348	-1,800	-4,441	-3,489	-3,839	-4,610
1942	2/218,374			+5,468	+ 674	-5,268			

Agricultural Marketing Service data.

1/ Average 1932-40. 2/ Preliminary.

Fowl and Chicken Prices Strengthened Further

Wholesale prices of live fowl and young chickens at Chicago advanced materially from mid-December to mid-January. These price increases were the result of a continued heavy demand for current consumption and some decline in market supplies due to the cold weather during the first part of January. Prices received by producers for commercial broilers declined to a relatively low level in early December and a marked decline in the demand for broiler chicks occurred. The price soon recovered, however, and in mid-January prices were the highest in several months. Wholesale prices for dressed stock also advanced materially from mid-December to mid-January.

Price per pound received by farmers for live chickens,
United States

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:												
1930-39	14.0	14.2	14.4	15.0	14.7	14.4	14.1	14.0	14.3	13.7	13.3	12.9
1938	16.7	16.0	15.9	16.2	16.1	15.7	15.0	14.2	14.3	13.6	13.6	13.6
1939	14.0	14.2	14.3	14.4	13.9	13.4	13.7	13.0	13.6	12.7	12.4	11.7
1940	12.0	12.2	12.8	12.9	13.6	13.3	13.6	13.4	13.7	13.3	13.1	13.0
1941	13.7	14.0	14.4	15.7	16.3	16.3	16.8	16.3	16.3	16.0	15.5	15.8

Agricultural Marketing Service data.

Poultry, live: Wholesale price, by classes, at Chicago,
average 1936-40 and selected dates 1940-42

Class	Av. 1936-40 Jan.	1940	1941				1942		
							Week ending		
		Dec.	Jan.	Feb.	Mar.	Dec.	Jan. 3	Jan. 10	Jan. 17
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Hens:									
Over 5 pounds	18.8	15.5	16.9	16.7	17.4	20.0	21.7	23.2	23.0
5 pounds and under	19.0	13.5	18.0	18.4	20.5	18.3	21.1	23.2	23.3
Leghorn	14.4	10.9	13.2	14.6	16.4	14.7	16.0	16.7	18.0
Spring chickens:									
4 pounds and over 1/									
Colored	18.7	16.5	18.1	19.5	20.6	18.4	20.7	20.5	22.9
White Rock	20.4	18.0	19.6	21.2	23.2	19.6	21.9	21.5	23.3
Barred Rock	20.5	17.6	19.8	21.8	23.6	19.3	22.3	21.2	23.3
Under 4 pounds									
Colored	18.2	16.1	17.6	18.4	19.3	17.8	19.4	18.5	18.2
White Rock	19.3	17.7	18.9	19.4	21.2	18.7	20.3	19.1	18.2
Barred Rock	19.8	17.6	19.5	20.1	22.1	20.6	21.3	20.2	20.2
Broilers:									
2-1/2 pounds and under									
Colored	18.8	16.6	17.2	17.8	18.9	17.6	19.4	18.5	18.2
White Rock	19.6	17.5	18.0	18.6	20.5	18.0	19.9	18.8	18.2
Barred Rock	20.1	17.9	18.0	18.9	21.0	19.8	21.3	19.5	19.2
Turkeys:									
Young hens	20.5	18.2	18.6	19.0	20.8	24.6	27.2	26.0	26.0
Young toms	17.6	1/15.4	1/15.5	16.0	17.6	1/19.6	1/20.8	1/20.0	21.0

Computed from quotations in Chicago Price Current.

1/ Four-year average. No quotations for 1937. 2/ Computed from all quotations on young toms, including classes by weights.

OUTLOOK - CHICKENS

BACKGROUND.- With the phenomenal expansion in commercial broiler production, it has become increasingly desirable that producers of such chickens plan their operations to avoid marketing large numbers at the same time that marketings in general farming areas are at a seasonal high level. Heavy marketings from these two sources during the last few months of 1941 coincided to a considerable degree and were accompanied by relatively low prices for young chickens.

Rising Chicken Prices Strengthened Demand for Broiler Chicks

The relatively low chicken prices in early December and continually advancing feed prices resulted in numerous cancellations of orders for baby chicks. This was accompanied by a sharp drop in the number of eggs set during December. The number increased during the last half of the month, however, and the total for December was 31 percent larger than the number set in December 1940. The number of chicks hatched was 52 percent larger than in December 1940. On January 1 the number of chicks on advanced order, for various delivery dates, was 54 percent larger than a year earlier. The rise in chicken prices during the past several weeks has resulted in a marked strengthening in the demand for baby chicks in commercial broiler areas.

Continued Heavy Production of Chickens in Prospect

Although prices received by farmers for chickens in 1941 were low relative to prices of most other farm products and to feed prices, it is expected that the number of chickens raised on farms this year will be even larger than the number raised last year. A favorable feed-egg ratio is more important in determining the farmers' demand for chicks in general farming areas than the feed-chicken ratio. The feed-egg ratio in 1942 is expected to be relatively more favorable than the feed-chicken ratio.

The revised goal of chicken slaughter for 1942 (644 million head), as announced by the Secretary on January 16, is 10 percent larger than the estimated slaughter in 1941. The slaughter figure consists of the number of chickens consumed on farms and the number sold. This figure is not comparable with published data for earlier years, however, because a considerable number of commercial broilers have been removed from the data on general farm production of chickens, on the basis of information which recently became available. Data closely comparable to the goal figure will be published by the Agricultural Marketing Service within a few months.

The 10-percent increase in slaughter of farm chickens was estimated on the assumption that the slaughter of fowl this year would be considerably larger than in 1941 and the increase over last year in the number of chickens raised on farms would be about 7 percent. The increase in number of chicks farmers intend to purchase this year will be estimated in the annual February survey. On the basis of these findings and other developments in the immediate weeks, an estimate of the increase in the number of chickens raised on farms will be made and published as usual in the March issue of this report.

Outlook for Chicken Prices

Although supplies of chicken meat will be considerably larger in 1942 than in 1941 it is fairly likely that the United States average price received by farmers for chickens will average higher this year than in 1941. The domestic supplies of other meats this year also will be much larger than in 1941 but with the prospects for a stronger average consumer demand and an advance in the general price level it is expected that prices received by farmers for livestock and livestock products will average higher in 1942 than in 1941. Prices received by farmers for fowls and young chickens probably will be in a more nearly normal relationship than they were during most of 1941.

An additional factor in the farm chicken price outlook is that the Department of Agriculture intends to purchase for lend-lease a considerable quantity of canned-boned chicken in 1942.

Commercial Broiler Output Expected to Continue at Record Levels

In extending the period during which chicken prices will be supported at not less than 85 percent of parity, the Secretary specifically stated that prices of commercial broilers are not to be supported. Commercial broiler production has increased at a phenomenal rate during the past few years and in view of the fact that per capita consumption of chicken meat this year will be by far the largest on record it is difficult to estimate how much expansion in permanent broiler facilities would be desirable.

Although an increased broiler output may be absorbed at favorable prices during most of 1942, it may be costly for individual raisers to materially expand expensive permanent facilities at this time. It would be desirable for broiler producers, therefore, to attempt to raise no more broilers than can be handled with present facilities and to avoid marketing large numbers at the same time that marketings in general farming areas are at a seasonally high level. Supplies of young chickens that will come from general farming areas during the last part of 1942 are expected to be the largest on record.

FEED SITUATION

Supplies of feed grains, hay, and high-protein feeds are the largest in more than 20 years. Consumption of feed grains during 1941-42 is expected to be larger than the 1941 crop, so that the carry-over into 1942-43 probably will be smaller than at the beginning of 1941-42.

Feed grain prices advanced about 25 percent during 1941 and byproduct feed prices advanced about 35 percent. The strong demand for feed and the higher loan on 1942 corn are expected to hold feed prices during 1942 near or above the late 1941 level. The policy established early in 1941 of selling Government-owned corn stocks will continue through 1942. The feed-production goal has been increased along with livestock goals. In addition, provision was recently made whereby approximately 100 million bushels of wheat owned by the Commodity Credit Corporation was offered for sale to producers of livestock products. Under this plan the feed wheat sales price per bushel for cracked wheat delivered to the purchaser will be the lower of (1) the 1941 wheat loan value at point of delivery, or (2) the Commodity Credit Corporation sale price for corn per bushel at point of delivery. Producers may order the wheat through their dealers or direct from the regional offices of the Corporation. Detailed information as to the offering price of feed wheat at delivery points can be obtained from the county offices of the Agricultural Adjustment Administration or the Regional Offices of the Commodity Credit Corporation.

The cost of poultry ration at Chicago advanced steadily during the 4 weeks ended in mid-January to the highest level since 1937. Because of the steady egg prices at Chicago since mid-December, however, the feed-egg ratio in mid-January was more favorable than a year earlier and more favorable than average. The feed-egg ratio in 1942 is expected to be more favorable than average but probably not as favorable as the average for 1941.

Feed-egg ratio at Chicago

(Dozens of eggs required to buy 100 pounds of poultry ration)

Year	Week ending as of 1942											
	January					Feb.	Mar.	July	Oct.	Nov.	Dec.	
	3	10	17	24	31	28	28	25	31	28	19	26
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average: 1931-40	5.04	5.54	5.76	5.82	5.88	6.41	6.72	6.68	4.44	4.29	4.90	4.92
1940	6.72	6.66	6.32	5.38	5.56	6.98	7.59	7.61	5.61	4.53	4.75	5.52
1941	5.74	6.37	6.86	7.16	7.13	7.38	6.57	5.30	4.55	3.99	4.70	4.87
1942	4.94	5.12	5.14									

Agricultural Marketing Service data.

TURKEYS

Wholesale prices of live turkeys at Chicago have declined somewhat since the Christmas holiday period but are continuing much higher than a year earlier. The average price received by farmers for turkeys in mid-December was 20.9 cents, 5 cents higher than a year earlier and the highest farm price since 1935.

The into-storage movement of turkeys during December was the largest on record but storage holdings on January 1 were 17 percent smaller than a year earlier.

Because of the favorable outcome of turkey raising during 1941, a considerable increase in production is expected this year. A material increase in turkey supplies probably could be absorbed in 1942 at prices which compare favorably with prices in 1941.

Price per pound received by farmers for live turkeys, United States

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:												
1935-39	17.2	16.8	16.5	16.2	15.5	14.7	14.6	14.4	15.3	16.1	17.2	17.5
1938	17.5	17.7	17.2	17.0	16.4	15.6	15.7	15.0	16.0	16.5	17.1	~~18.4~~
1939	18.3	17.5	17.6	16.9	15.6	14.7	14.4	14.3	15.4	15.3	16.0	15.6
1940	14.2	14.0	13.7	13.5	13.2	12.9	12.9	13.4	14.3	14.7	15.5	15.9
1941	15.5	15.1	15.2	15.5	15.4	15.4	15.8	16.1	17.5	18.8	20.2	20.9

Agricultural Marketing Service data.

DOMESTIC DEMAND

National income probably will be at least 10 billion dollars greater in 1942 than in 1941. Incomes of industrial workers will be over 15 percent greater than in 1941, and nearly double what they were at the beginning of the war. But increased taxes applying to individuals may hold the net increase in the money purchasing power of consumers in 1942, over the average for 1941, to not much more than 5 percent. The net result of increased money incomes, taxes, and defense bond purchases may leave the money income of consumers available for purchase of commodities and services in 1942 as a whole not much different from the present level. For some groups it will be even less than in 1941. Increased war production, however, will substantially reduce the quantity of factory products remaining for civilian use, probably to less than the quantity in 1940, so that consumer income in relation to available supplies of goods will be increased. This should add to the consumer demand for farm products in 1942 compared with 1941.

Total nonagricultural employees' compensation, United States

(Index numbers 1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Average:												
1930-39	83.2	83.2	84.1	84.0	84.6	84.6	81.0	81.6	84.0	86.1	84.9	85.7
1939	94.4	94.6	96.6	95.5	96.9	98.9	94.7	96.6	100.1	104.6	104.7	106.5
1940	101.4	101.1	102.6	102.8	104.7	105.3	102.4	104.7	109.0	113.3	113.2	117.3
1941	115.2	117.5	119.9	121.9	126.7	130.6	128.1	130.6	134.9	137.7	1/ 138.2	
	Adjusted for seasonal variation											
Average:												
1930-39	84.3	84.2	84.0	83.6	83.8	84.0	83.7	84.0	83.7	83.9	83.9	84.0
1939	95.4	96.0	96.7	95.4	96.6	98.9	98.3	99.6	99.6	101.5	102.6	103.5
1940	102.6	102.5	102.7	102.7	104.3	105.1	106.4	108.0	108.6	109.9	110.7	114.1
1941	117.4	120.3	121.3	122.3	126.4	129.8	130.9	132.4	132.9	134.4	1/ 136.1	

Based on data from the Department of Commerce and the National Bureau of Economic Research.

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